

# Economic Development Authority

## Economic Development Authority

### **Mission**

To encourage and facilitate business and capital attraction, retention and development in all of the business markets throughout Fairfax County in order to expand the County's nonresidential tax base.

### **Focus**

The Fairfax County Economic Development Authority (FCEDA) provides direct assistance to businesses that intend to establish or expand their operations in Fairfax County. It supplies companies with a wide range of information, site location assistance, introductions to needed services and financing sources, and more. The Authority closely tracks the County's office and industrial/hybrid (flex) real estate markets to provide new and expanding firms with commercial space options best suited to their needs.

Fairfax County's office space inventory topped 113.6 million square feet as of year-end 2011, an increase of more than 433,000 square feet over year-end 2010 inventory. The countywide industrial/flex inventory increased more than 65,000 square feet to 38.9 million square feet at year-end 2011.

The overall office vacancy rate (including sublet space) increased to 15.6 percent at year-end 2011, up from 15.3 percent at year-end 2010. The direct office vacancy rate increased as well, from 13.3 percent at year-end 2010 to 13.7 percent at year-end 2011. These increases can be attributed directly to movement of federal agencies associated with the Base Realignment and Closure Act (BRAC). The National Geospatial-Intelligence Agency, the U.S. Joint Medical Command, the Defense Information Systems Agency and the Missile Defense Agency vacated roughly 2 million square feet of office space throughout Fairfax County.

Vacancy rates in the industrial/flex market decreased for a second consecutive reporting period. The overall vacancy rate dropped from 14 percent at year-end 2010 to 11.9 percent at year-end 2011. The direct vacancy rate fell to 11.3 percent at year-end 2011 from 12.9 percent at year-end 2010.

Demand for office space increased during the last half of 2011. Total leasing activity during all of 2011 topped 11.7 million square feet, down from the record 13.6 million square feet of leasing activity in 2010 but well above the five-year average of 10.8 million square feet.

New office construction activity increased during the second half of 2011. At year-end 2010, there were only two buildings totaling 175,000 square feet under construction compared to nine buildings totaling nearly 1.5 million square feet at year-end 2011. More important than the significant increase in overall development, is that more than 1 million square feet is speculative development.

EDA's ability to attract business development in the County increases the non-residential tax base, which enables the Board of Supervisors to provide high quality public services without placing the entire burden of those costs on the residential homeowner.

# Economic Development Authority

## Budget and Staff Resources



Agency Summary					
Category	FY 2011 Actual	FY 2012 Adopted Budget Plan	FY 2012 Revised Budget Plan	FY 2013 Advertised Budget Plan	FY 2013 Adopted Budget Plan
Authorized Positions/Staff Years					
Exempt	34 / 34	34 / 34	34 / 34	34 / 34	34 / 34
Expenditures:					
Personnel Services	\$2,995,612	\$3,137,414	\$3,185,301	\$3,269,925	\$3,310,508
Operating Expenses	3,828,391	3,908,092	3,908,092	3,908,092	3,908,092
Capital Equipment	0	0	0	0	0
<b>Total Expenditures</b>	<b>\$6,824,003</b>	<b>\$7,045,506</b>	<b>\$7,093,393</b>	<b>\$7,178,017</b>	<b>\$7,218,600</b>

Position Summary					
1 President/CEO	1 Director of Administration	1 Business Development Mgr. II			
3 Vice Presidents	1 Market Researcher IV	1 Business Development Mgr. I			
1 Director of National Marketing	1 Market Researcher III	1 Associate Business Devel. Mgr.			
1 Director of International Marketing	2 Market Researchers II	1 Production/Graphics Mgr.			
1 Director, Market Research/Real Estate	1 Market Researcher I	1 Procurement Manager			
1 Director, Small/Minority Business	1 Communications Manager	1 Executive Admin. Assistant			
1 Business Development Manager V	1 Information Systems Mgr.	1 Admin. Assistant, International			
6 Business Development Managers IV	1 Business Resources Mgr.	1 Admin. Assistant, National			
1 Business Development Manager III		1 Public Information Assistant			
<b>TOTAL POSITIONS</b>					
<b>34 Positions / 34.0 Staff Years (All Exempt)</b>					

## FY 2013 Funding Adjustments

The following funding adjustments from the FY 2012 Adopted Budget Plan are necessary to support the FY 2013 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the budget on May 1, 2012.

- ◆ **Employee Compensation** \$110,346  
An increase of \$110,346 in Personnel Services reflects \$69,763 for a 2.18 percent market rate adjustment (MRA) in FY 2013, effective July 2012, and \$40,583 for a 2.50 percent performance-based scale and salary increase for non-uniformed merit employees, effective January 2013.
- ◆ **Full Year Impact of FY 2012 Market Rate Adjustment** \$62,748  
As part of the FY 2011 *Carryover Review*, the Board of Supervisors approved an increase of \$62,748 in Personnel Services for a 2.0 percent market rate adjustment (MRA), effective September 24, 2011.
- ◆ **Reductions** \$0  
It should be noted that no reductions to balance the FY 2013 budget are included in this agency.

# Economic Development Authority

## Changes to FY 2012 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2012 Revised Budget Plan since passage of the FY 2012 Adopted Budget Plan. Included are all adjustments made as part of the FY 2011 Carryover Review, FY 2012 Third Quarter Review, and all other approved changes through April 24, 2012.

- ◆ **Carryover Adjustments** **\$47,887**  
As part of the FY 2011 Carryover Review, the Board of Supervisors approved an increase of \$47,887 in Personnel Services for a 2.0 percent market rate adjustment, effective September 24, 2011.

### Goal

To foster and promote the governmental, social, educational and environmental infrastructure to make Fairfax County a world-class, 21<sup>st</sup> Century business center and the global capital of the knowledge industry.

### Objectives

- ◆ To create 8,000 new jobs in FY 2013.
- ◆ To attract 0.90 percent of the total venture capital deals in the United States to Fairfax County businesses in FY 2013.
- ◆ To attract a net gain of 10 foreign-owned businesses to Fairfax County in FY 2013.
- ◆ To attract a net gain of 20 minority-owned businesses to Fairfax County in FY 2013.

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimate/Actual	FY 2012	FY 2013
<b>Output:</b>					
Business announcements	110	127	130 / 172	175	180
<b>Efficiency:</b>					
Cost per job attracted	\$1,534	\$1,082	\$1,288 / \$776	\$829	\$881
<b>Outcome:</b>					
Jobs created	4,309	6,283	5,750 / 8,765	8,500	8,000
Market share of venture capital deals	1.17%	0.99%	1.10% / 0.80%	0.85%	0.90%
Foreign-owned companies	355	366	376 / 376	386	396
Minority-owned companies	4,845	4,412	4,460 / 5,339	5,359	5,379

## Performance Measurement Results

While there was an increase in jobs created and business announcements from FY 2010 to FY 2011, it is anticipated that economic growth will slow in FY 2013 due to announced reductions in US Defense Department procurements and the in-sourcing of federal projects away from the private sector. The percentage of the market share of venture capital funds in the United States that is projected to be attracted by Fairfax County businesses is an outcome measure that reflects the deals attracted in Fairfax County as a percentage of the total number of venture capital deals in the United States compared to a rolling four-year average.